

COUNTY EXECUTIVE'S 2007 BUDGET

DEPT: COUNTY SALES TAX REVENUE

UNIT NO. 1996*
FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to the provisions of Section 77.70 of the Wisconsin Statutes, counties may enact a 0.5 percent sale and use tax. The tax is typically imposed on the same goods and services as the

State's 5.0 percent sales tax. Section 22.04 of the Milwaukee County Ordinances addresses uses of sales tax revenue.

BUDGET SUMMARY			
	2005 <u>Actual</u>	2006 <u>Budget</u>	2007 <u>Budget</u>
County Sales Tax Collections	\$ 61,646,097	\$ 64,678,600	\$ 65,921,500

STATISTICAL SUPPORTING DATA	2005 <u>Actual</u>	2006 <u>Budget</u>	2007 <u>Budget</u>
Estimated County Sales Tax Collections, Excluding Retailer's Discount	\$ 63,784,394	\$ 66,594,000	\$ 67,739,100
State Administrative Fee	(1,116,227)	(1,165,400)	(1,185,500)
Milwaukee County Sales Tax Collections	\$ 62,668,167	\$ 65,428,600	\$ 66,553,600
County Sales Tax Allocated to Capital Improvements	(1,022,070)	(750,000)	(632,100)
County Sales Tax Collections	\$ 61,646,097	\$ 64,678,600	\$ 65,921,500
Contribution to General Fund	\$ (23,349,566)	\$ (17,922,529)	\$ (21,361,260)
Net County Sales Tax Revenue Available for Debt Service Expenses	\$ 38,296,531	\$ 46,756,071	\$ 44,560,240

On April 1, 1991, Milwaukee County retailers began collecting a 0.5 percent county sales and use tax. Generally, items, which are currently subject to the State's 5.0 percent sales tax, are subject to the county sales and use tax in counties that have enacted the tax. Milwaukee County is currently one of 58 counties in the State of Wisconsin that relies on the sales tax to fund services formerly financed by local property taxes. The county sales and use tax is administered and collected by the Wisconsin Department of Revenue. The 2007 budget reflects the 1.75 percent state administrative fee.

Section 22.04, Milwaukee County Ordinances, previously required that sales tax revenue be used to pay tax-supported debt service costs. Surplus revenues not needed for debt service payments were required to be used to directly finance capital improvements.

On June 18, 2003, the County Board of Supervisors approved Resolution File No. 03-263(a)(a), which modified Section 22.04 of the General Ordinances so that surplus sales and use tax revenues can be

used to pre-fund employee benefit costs or fund anticipated or extraordinary annual increases in such costs or supplement the Appropriation for Contingencies. The 2003 resolution permitted sales tax revenues to be used for the above general fund purposes through calendar year 2007.

The 2007 County Sales Tax increased \$1,242,900 or 1.9% from the prior year. The gross budgeted amount for 2007 is \$66,553,600, which is \$1,125,000 over the 2006 budget. The net budget amount for 2007, which excludes the \$632,100 allocation in the Capital Improvement Program, is \$65,921,500.

For the 2007 budget, projected sales tax collections exceed debt service costs by \$21,361,260. Therefore, \$44,560,240 in net sales tax revenues is earmarked for debt service costs and \$632,100 is dedicated to direct financing of 2007 capital improvements.

*This org. unit was previously 1900-2903. All history and data detail has been moved to org. unit 1996.

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Based on the assumptions above, there would be an estimated uncommitted balance of \$21,361,260 budgeted for general county purposes.

Pursuant to Resolution File No. 03-263(a)(a), which modified County Ordinances so that surplus sales

and use tax revenues can be used to pre-fund employee benefit costs or fund anticipated or extraordinary annual increases in such costs, these excess sales tax revenues are available to partially offset the following increased employee benefit costs:

	<u>2006</u> <u>Budget</u>	<u>2007</u> <u>Budget</u>	<u>Increase/</u> <u>(Decrease)</u>
Pension Contribution	\$ 27,400,000	\$ 52,765,000	\$ 25,365,000
Employee/Retirement Medical Costs	\$ 125,166,827	\$ 135,110,570	\$ 9,943,743

Increased sales tax revenues have not been directly allocated within the above budgets but are presented here to show conformance with the sales tax ordinance change.

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